



DEPARTMENT OF THE TREASURY
Internal Revenue Service
Criminal Investigation



Memorandum of Interview

Investigation #: 1000259846 **Location:** Phone Call
Investigation Name: Phillip Kenner
Date: September 9, 2014
Time: Approx. 4:05PM
Participant(s): Lanie Donlan, Witness
Joshua Wayne, Special Agent, IRS
Matthew Galito, Special Agent, FBI

On the above date and time Special Agents Wayne and Galito spoke with Lanie Donlan by phone. Donlan provided the following:

1. Donlan was asked about a Power of Attorney dated May 5th, 2008 that granted PHILLIP KENNER lawful attorney for Bryan Berard regarding a property in Arizona. Donlan was listed as the witness for this document.
2. Donlan had in her possession and was reviewing the Power of Attorney in question. Donlan said it looks like her signature but does not recall the document. She further stated that she did not know the public notary, William Patrick Medlin, whom had verified the signatures on the Power of Attorney.

I prepared this memorandum on September 12th, 2014, after refreshing my memory from notes made during and immediately after the interview with Lanie Donlan.

Joshua R. Wayne ^E
Joshua R Wayne
Special Agent

Known and in the
government's
possession for
years before the
trial...

AMERICAN ARBITRATION ASSOCIATION



DIANA NOLAN, an individual, and
OWEN NOLAN, an individual,

Claimants,

vs.

PHIL KENNER, and individual;
STANDARD ADVISORS, INC., a
Delaware Corporation and STANDARD
ADVISORS, LLC, a Delaware Limited
Liability Company,

Respondents.

NO. 76 148 Y 00223 08 DEAR

AFFIDAVIT OF
Mattias Norstrom

I, Mattias Norstrom, being duly sworn upon oath, depose and say:

1. I am over the age of 18 and otherwise competent to execute this affidavit.
2. The contents of this affidavit are based upon my own personal knowledge.
3. I have information in the above-captioned matter and have personal knowledge of the statements contained in this declaration.
4. I have been a professional hockey player for over 15 years. I either personally know, or know of, the following individuals; Owen Nolan, Ethan Moreau, Joe Juneau, Dan Boyle and Brad Lukowich. All of these individuals are also professional hockey players.
5. My home is in Sweden. I have known Phil Kenner for over 10 years. I met him while he was representing other friends of mine who were being assisted by him. At that time, Kenner was acting as a family advisor and these friends had expressed their high level of satisfaction with his service and commitment to their families. I subsequently worked with Kenner in a similar capacity and have experienced the same

high levels of satisfaction with his service and commitments to my family. On many occasions, Phil has flown all over the world to visit me on short notice upon my request.

6. In 2003, I decided to join Phil Kenner at his new Family Office practice at Standard Advisors after he had left his former employer, Assante Global Advisors. I was aware that Phil actually sued Assante Global Advisors in California Federal Court shortly after his departure. I was aware of Phil's status as a licensed advisor when he established Standard Advisors in 2003 and I was also aware that approximately one year later, Phil Kenner gave up his licensed status. I neither had any concerns about this issue then, nor do I feel that it this issue has negatively impacted his ability to act as my Family Advisor now.

7. I am aware that Owen Nolan is suing Phil Kenner and his company, Standard Advisors, in Arizona and is alleging several improprieties by Phil Kenner related to certain investments that I am part of, such as; the Hawaii Investment Group, Diamante Del Mar (managed by Ken Jowdy), Diamante Cabo San Lucas (managed by Ken Jowdy), Eufora, LLC (managed by Tommy Constantine) and the Avalon Airpark Project (managed by Tommy Constantine). I believe that Phil Kenner holds my investments in his companies with the highest level of integrity. Phil Kenner has always made himself available to my family and I and has always addressed any and all of my inquires. As a professional hockey player, not a full time businessman, it is important to me and my family to have access, often face-to-face, with the people who are directly and indirectly involved in my business affairs. To date, I have never seen any indications of any improprieties or wrongdoings by Phil Kenner, his company Standard Advisors, and/or his advice for my family's best interest.

8. **DIAMANTE AIR, LLC;** I am currently at odds with Ken Jowdy as a result of his gross mismanagement of an investment that I have made in his airplane company, Diamante Air, LLC. Ken Jowdy and Mark Thalmann, his childhood friend, acting as the Managers of this company, operated a Falcon 10 airplane and a Metroliner

III. In the fall of 2008, Ken Jowdy and Mark Thalmann stopped making the monthly loan payments on the two (2) airplane loans under Diamante Air, LLC that they had been making since 2005. Phil Kenner notified me that Jowdy and Thalmann had failed to properly manage and maintain the business and had allowed our investment to become virtually worthless. As a result, this left Phil and one of our other partners, Sergei Gonchar, with over \$1,000,000 in personally guaranteed debt with the lender for these airplanes. Phil, as well as all of our other partners and I were led to believe by Jowdy, and Thalmann, that the loans for these planes were being paid down aggressively based on the representation that Jowdy's extensive usage of the planes, was generating charter revenue for the business. In fact, Jowdy and Thalmann did not reduce the loan obligation as represented in spite of their extensive use of the airplanes. After numerous requests, neither Phil, our attorney, Paul Augustine, or myself have been able to obtain the bank records, financial reports or tax records from Jowdy or Thalmann to review the status of our investment and where it all went wrong.

9. **HAWAII INVESTMENT GROUP;** I have been an investor in the Hawaii Investment Group since about 2004. I wired \$100,000 to Northern Trust Bank for my equity stake in the Hawaii Investment Group through Little Isle IV, LLC and for the express purpose of making funds available to Phil Kenner, which were to be used at his discretion. I was aware that my funds would be used to make distributions for the company, including but not limited to; Land Acquisition, Travel & Entertainment expenses, Legal Fees, Planning Fees, Payroll, Permitting fees, Loans to outside entities and distributions to other members that would satisfy their monthly Line of Credit payments to Northern Trust Bank. I also understood Phil was the sole signatory on the Little Isle IV, LLC bank account. I have never had any reservations or issues regarding the use of these funds. Phil Kenner has always disclosed the complete and detailed use of these funds with me from time to time and per my every request. We discussed in detail the risks associated with the Hawaii Investment Group and I elected to invest

THUS -- no ponzi issues -- as represented by the government during the EDNY trial...

accordingly. Phil also discussed in detail, the merits of the Joint Venture agreement with WWK Hawaii Holdings, LLC prior to me personally signing the Acknowledgement and Acceptance letter Phil provided to me through our attorneys, Larry Markowitz and William Najam in July of 2006, which was prior to my agreement of the Joint Venture. I understand the global markets have caused many issues with the Joint Venture's ability to sell or liquidate the land holdings, but I am confident that the ~\$100,000,000 of land that Phil Kenner was instrumental in acquiring on behalf of the Joint Venture, is more than sufficient to ensure a positive investment result as originally contemplated prior to my involvement. From day one, I have also been made aware of Phil Kenner's significant interest in the Hawaii Investment Group in consideration of his ongoing capital contributions, day-to-day management, personal loan guarantees (including securing the Waikapuna loan with his Arizona residence at the time), his environmental guarantee on behalf of the Joint Venture (so none of the other members would be liable), as well as other contributions.

10. **DIAMANTE CABO SAN LUCAS;** I have been involved in real estate investment projects in Mexico since approximately 2003, specifically, Diamante Del Mar and Diamante Cabo San Lucas. I was aware that Phil Kenner has had an ownership interest in the two Mexico projects operated by Ken Jowdy prior to my making an investment into each respective project. I am aware that Phil Kenner and Tommy Constantine had been working diligently over the last two years to resolve certain partnership issues between Ken Jowdy and our investor group, which were related to our investment in Diamante Cabo San Lucas. I understand that approximately eighteen (18) months ago, Tommy Constantine negotiated a global settlement with Ken Jowdy, with the assistance of Jowdy's brother-in-law, William Najam, to a) relieve Ken Jowdy of the \$10m+ in personal debt, b) his management control of the project, and c) any additional personal financial obligations he had to our Hawaiian Investment Group, Glen Murray, Bob Gaudet, myself and others. I was also aware that Ken Jowdy presented the

settlement agreement to Masood Bhatti at Lehman Brothers in New York, who at that time was a Senior VP and was acting on behalf of the lender for the Cabo project. Subsequently, after Jowdy met with his brother in law William Najam and Masood Bhatti, Jowdy decided that he would not follow through with the agreement that he had made and elected to renig on the settlement that Tommy Constantine and Ken Jowdy had negotiated over a six (6) month period of daily negotiations. Furthermore, in spite of being a significant investor and shareholder of Diamante Cabo San Lucas, per an email recently written by Jowdy and sent to Phil Kenner, I as well as other investors, have been prohibited from entering the property. Among other extravagant expenditures and instances of corporate waste, I am aware that Ken Jowdy has utilized various resources of the Diamante Cabo San Lucas project, including the use of personnel who were on the Cabo payroll and other financial resources to pay for several private jet flights around the country. I am also aware that the individual in charge of the Lehman Brothers loan to Jowdy and Diamante Cabo San Lucas, Masood Bhatti, also acquired a secret equity interest in the Diamante Cabo San Lucas project through an entity owned by his Goddaughter named Somerset Properties, LLC. This was unknown to Phil Kenner or myself prior until recently.

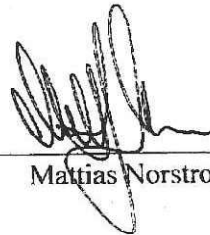
11. **DIAMANTE DEL MAR;** I am an investor in Diamante Del Mar (DDM), in El Rosario, Mexico, which Ken Jowdy also acts as the sole Managing Member. I invested \$500,000 in the project and have not received a single communication in several years, from Ken Jowdy, William Najam or others representing the project regarding the status or development of the project. I also hold a \$250,000 Promissory Note from Ken Jowdy and Diamante Del Mar that has not been paid by Ken Jowdy even though the note matured several months ago. I am aware that the project has not been proceeding with any development in the last three (3) plus years. This is primarily due to the fact that Ken Jowdy has focused his efforts on two unrelated projects, which Phil Kenner and the rest of our investors in Diamante Del Mar and Diamante Cabo San Lucas are not involved.

12. **EUFORA, LLC:** I have been an investor in a few LLCs that have a direct investment in Eufora's Pre-paid card business. From day one, I have been aware of the risks associated with a start up company in the payment card industry. I understood that at the time of my first investment in the LLC which held our interest in Tommy Constantine's Eufora, LLC, Phil Kenner was a shareholder in the company. Phil Kenner disclosed his investment in Eufora, LLC prior to my making my investment.

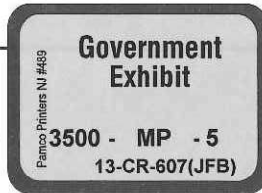
13. I have always been made aware by Phil Kenner that I am able to request outside assistance from attorneys, accountants, or other professionals to audit the strategies that Phil Kenner has assisted in implementing. I have always had direct access to third party advisors involved with the planning decisions for my family, whether I have included Phil Kenner or not in those conversations. Through conversations with other clients of Phil Kenner's over the years, I am aware that this is his common approach with his Family Office clients.

Further Affiant Sayeth Not.

Executed on this 30th day of May, 2009.



Mattias Norstrom



ORIGINAL

1 UNITED STATES GRAND JURY

2 SOUTHERN DISTRICT OF NEW YORK

3
4 - - - - - x
5 UNITED STATES OF AMERICA

6 -v-

August 2009
: Special

7 PHILLIP KENNER

8 - - - - - x
9

Peca confirms
knowledge of loans
to Jowdy from
Hawaii investors
"as a group" --
Pages 30-33, 35,
40, 42, and 45...

UNITED STATES COURTHOUSE
500 Pearl Street
New York, New York 10007

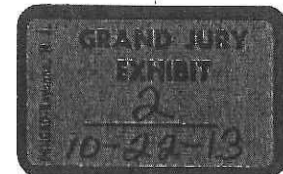
March 29, 2011
10:20 a.m.

15 APPEARANCES:

16 ARLO DEVLIN-BROWN, ESQ.

17 Assistant United States Attorney

18
19
20 Rivka Teich, R.P.R., C.S.R.
21 Acting Grand Jury Reporter
22
23
24
25
26



FINK & CARNEY
REPORTING AND VIDEO SERVICES
39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

1 M. Peca 03/29/11 2

2 (Colloquy Precedes.)

3 (Witness Enters Room.)

4 (Time Noted: 10:20 a.m.)

5 MICHAEL PECA, called as a witness, having been
6 first duly sworn by the Foreperson of the
7 Grand Jury, was examined and testified as
8 follows:

9 BY MR. DEVLIN-BROWN:

10 Q Please state an spell your full name for the
11 record.

12 A Michael, M-I-C-H-A-E-L, Anthony, A-N-T-H-O-N-Y,
13 Peca, P-E-C-A.

14 Q Mr. Peca, I'm an Assistant United States
15 Attorney -- my name is Arlo Devlin-Brown -- that just
16 means I'm a federal prosecutor.

17 You've been subpoenaed to testify to this Grand
18 Jury about potential violations of federal law,
19 including laws relating to securities fraud, bank fraud,
20 other types of fraud offenses.

21 If this Grand Jury uncovers evidence of
22 criminal activity it can return indictments on those
23 charges or any other charges of federal law that it
24 finds evidence of.

25 I want to advise, you first of all, I'm sure
26 you know this, you're not a target or subject of this

1 M. Peca 03/29/11 3

2 Grand Jury inquiry. You've been subpoenaed solely
3 because we believe you may have information relevant to
4 it as a witness. I wanted to give you some piece of
5 mind there and explain that to you.

6 You did receive, I guess, from your lawyer a
7 subpoena for today; is that correct, Mr. Peca?

8 A Did I get it from him?

9 Q Yes.

10 A No, to my home in Buffalo.

11 Q Okay. We're going to get started in a few
12 minutes. I'll give you an overview of things I'll talk
13 about, I'll ask you questions about your background,
14 then we're going to ask you questions about various
15 financial investments that you've made, some of the
16 people you've entrusted with money, and go over some
17 documents as well. Okay?

18 A Okay.

19 Q Before I do that I want to advise you of rights
20 and responsibilities you have before the Grand Jury,
21 just so you understand how it works. I'm sure you may
22 have gone over some of these things with your attorney,
23 but it's a good idea to do it on the record as well.
24 Okay?

25 A Okay.

26 Q So, first of all I'm sure you understand you

1 M. Peca 03/29/11 4

2 have a right not to incriminate yourself. Do you
3 understand that?

4 A I do.

5 Q So if you believe that a truthful answer to a
6 question would incriminate you, you have the right to
7 refuse to answer that question. Do you understand?

8 A I do.

9 Q Do you understand that your testimony is taken
10 down here by a court reporter?

11 A I do.

12 Q You're not recording this yourself in any way?

13 A No, they took everything I had at the front
14 door.

15 Q They do it to the Grand Jurors too.

16 So you understand then that the testimony taken
17 down can be used in any kind of proceeding?

18 A Yes.

19 Q Do you have an attorney representing you in
20 this matter?

21 A Yes.

22 Q Who is your attorney?

23 A Ronald Richards.

24 Q Does he represent anyone else connected to
25 these issues?

26 A The other two gentlemen here today, Turner

1 M. Peca 03/29/11 5

2 Stevenson and Darryl Sydor.

3 Q Do you know if he now or previously represented
4 anyone else connected to this Grand Jury's inquiry?

5 A Not that I'm aware of.

6 Q Do you know, for example, if he's represented
7 Phillip Kenner?

8 A I believe he has.

9 Q Do you have any understanding as to whether he
10 continues to represent him?

11 A That I'm not sure.

12 Q As you probably were told, your attorney is not
13 allowed inside of the Grand Jury room. But I want to
14 advise you that if you want to talk to him at any point,
15 whether because there is a particular question or if you
16 need to go to the bathroom -- you don't to talk to him
17 for that -- let us know and let the Foreperson know and
18 she'll give you a break.

19 A Great.

20 Q Do you understand that you're required to give
21 truthful, non-misleading testimony to this Grand Jury?

22 A Yes.

23 Q Do you understand that if you make any false
24 statements or give misleading testimony under oath, you
25 could be prosecuted for perjury or making false
26 declarations to a Grand Jury?

1 M. Peca 03/29/11 6

2 A Yes, I do.

3 Q Do you understand everything that I've asked
4 you so far?

5 A I have..

6 Q Let me advise you of one other thing before we
7 start. The Grand Jury proceedings are secret. No one
8 in this room, with the exception of you, is allowed to
9 reveal what you've said, here absent a court authorizing
10 it. So your testimony is secret. You can share it with
11 whoever you want, but no one else will know what your
12 testimony is unless you do so or a court orders it.

13 A If I tell my wife, it's not a big deal?

14 Q It's up to you.

15 Who knows that you're testifying here today?

16 A Who else knows, just my wife and the guys that
17 are in the other room.

18 Q Does Phil Kenner know?

19 A I believe he does, yes.

20 Q Why do you believe he knows?

21 A I think he was scheduled to come and speak to
22 somebody and it was postponed because of this proceeding
23 today.

24 Q Let's go over -- start with a little background
25 about yourself. Where are were you born?

26 A I was important in suburb of Toronto, Ontario,

Peca does not say
"BECAUSE Kenner
prepped me last
night on the phone
for this testimony" --
like he misled the
EDNY court 4 years
later (2015)...

M. Peca 03/29/11

7

Canada.

Q You're a Canadian then?

A Dual citizen, I live in Buffalo, New York and a U.S. citizen as well.

Q You've had a long career in hockey?

A Played 15 years.

Q Where did you start your hockey career?

A I started in Vancouver, British Columbia, then spent time in Buffalo, New York, New York Islanders, Edmonton, Toronto and Columbus.

Q Have you played in the NHL at some point?

A That was the 15 years, yes.

Q All 15 was in NHL?

A Yes.

Q What are you doing presently?

A Presently I do some on-air analysis work up in Toronto for NHL. I sit on various charitable boards, and coach youth hockey.

Q Where do you coach youth hockey?

A In Buffalo.

Q Let's start off with Phil Kenner, when did you first meet Mr. Kenner?

A I first met Phil Kenner from my first agent I had when I turned professional, Anton Thun, either in '95 or '96, my first year in Buffalo. I believe there

1 M. Peca 03/29/11 8

2 was a meeting at my house. I had started making a lot
3 of money at that point and wanted to get into a program
4 where I was budgeting myself and responsible with my
5 money. So I was introduced to him; I think several of
6 Anton Thun's clients were. And then we started working
7 a relationship from that point on.

8 Q Did you come to any agreement with him at that
9 meeting or shortly after with Mr. Kenner about what
10 services he performed for you?

11 A I'm sure I did, yes, I don't recall the exact
12 transaction but I started working with him. I'm sure
13 that took place before.

14 Q What was it in general that he started doing
15 for you.

16 A Just helping me manage money, budget myself,
17 and trying help me secure a future.

18 Q Does that mean he would sort of have access to
19 your bank accounts and would tell you, give you the
20 money to use and say you need to spend more or less?

21 A Not my savings or checking account. But it was
22 a case where I believe at the time it might have been
23 Wells Fargo was the bank that held, whether it was
24 investing in Pepsi Cola or whatever it was. And my
25 paychecks would go there and I would get wired to my
26 account from those paychecks whatever I needed to pay

1 M. Peca 03/29/11 9

2 utilities and daily expenses, things of that nature. I
3 didn't have an abundance of money in my checking account
4 that would force me to want to spend it.

5 Q You would have in your checking and savings
6 account your day-to-day living expenses. Then stuff you
7 were putting away for the long-term in some other
8 account?

9 A Correct.

10 Q This other account was one that Phil Kenner
11 managed?

12 A Yes.

13 Q Did he have any kind of company when he
14 started?

15 A At the time I believe he was working with State
16 Street Capital out of Boston. I think that was the
17 house. There was a gentleman I dealt with there, I
18 can't remember his name though, it was State Street
19 Capital in Boston.

20 Q Would you get statements on what the investment
21 account was in?

22 A Every month.

23 Q What kind of authority did -- let's start at
24 the beginning -- did Phil Kenner have authority in terms
25 of how he could invest that money in that account?

26 A I won't say a full autonomy, but he had power

M. Peca 03/29/11

10

of attorney to help me. If I needed to send money, he could to it on my behalf.

Q What if he had an investment idea? To take your example, buy Pepsi Cola, was that something he needed to check with you first to see if you wanted to do it, or did he have authority to just make investment decisions on your behalf?

A I think when it comes to that level of investing, whether money goes to Pepsi or Disney, I didn't need to know the details. I didn't have experience in that area.

Q Do you still use Phil Kenner as an investment adviser?

A I don't. I've been retired for two years and Greenberg Gram out in California handles that stuff.

Q How long has Greenberg Gram been handling --

A They've managed my account for quite a few years now.

Q How did Mr. Kenner, to your knowledge, earn money for performing these services for you? What was your arrangement?

A There was a percent, I can't remember the exact amount, about \$50,000 a year. The reason I stopped using him, because I was done I had started handling my own insurance issues, mortgage issues. When I was

M. Peca 03/29/11

11

playing I didn't have the time or the ability to do a lot of that myself. He was able to do a lot of that for me. It just got to the point where my wife and I were able to do that stuff. We didn't require the services so we ceased the relationship.

Q When was that?

A Two, three years ago.

Q Was it a flat fee or?

A Percentage-based, it worked out to about 12,500 a quarter.

Q Was it a percentage of the money that he had, that he was managing for you?

A Correct.

Q Did he get any additional money, as far as you know? If he made transactions with the money would he get a percentage?

A No, not that I'm aware of.

Q Do you know if he ever put your money into projects where he had a personal interest?

A No. More than -- other personal interest as far as him getting a kickback-type scenario?

Q I mean him investing your money into say a company he owned or that he had some kind of ownership in?

A No.

M. Peca 03/29/11

12

Q You're not aware of any situation?

A No.

Q What about what you were talking about, kickback scenario?

A Not that I'm aware of.

Q Some of your money just going to just stocks and bonds?

A Primarily.

Q What about other types of investments that Mr. Kenner made for you?

A I didn't start getting into outside the stock market and bonds until it was about 2002, 2003.

Q What happened in 2002, 2003?

A I made my first investment in a company TechNeck. The president at the time was Bob Thompson. And it was a telecommunications company that basically put cable lines into schools for educational purposes. That was my first venture outside of the stock market.

Q Who recommended Tech Connect to you?

A Phil Kenner brought the idea to me.

Q How much money did you invest into it?

A \$250,000.

Q Are you aware of whether the investment made money or not?

A It was promising at the start. Unfortunately,

M. Peca 03/29/11

13

the war took place and Federal funding dried up for educational funding. The company was acquired by Dime Tech.

Q What happened to your investment, did you get any of it back?

A No, we did not.

Q What is the next sort of company that you invested in?

A In chronological order --

Q If you can't do chronological.

A I can't recall now.

Q Forget the next one, what are some of the other ones that you invested in?

A Impact was a protective equipment company based out of New Jersey. Then we started getting into some real estate ventures.

Q Let's talk about Impact a little bit. Who recommended that to you?

A A gentleman by the name of Tim Garn, who I met in New York.

Q How did you meet Tim Garn?

A Acquaintance of mine, guys that played football at University of Maryland knew the guy, Mark Monica, who is, I think he worked for Rye Dell Protective Equipment. He's an engineer who came up with a product, thinner,

M. Peca 03/29/11

14

1 more stream-lined equipment. And, again, the concept
2 seemed pretty good, quite a demand for it. Something I
3 was interested in getting involved with.
4

5 Q Protective equipment, what are you talking
6 about?

7 A Football shoulder pads.

8 Q Did Phil Kenner have anything to do with that
9 investment?

10 A I don't know to what level, no. I know he
11 was -- I would talk to him about it because he was my
12 adviser at the time.

13 Q Did you bring him the company as an idea or did
14 he bring it to you?

15 A He had a relationship with Tim Garn at the time
16 or got to know him at that point.

17 Q How much did you invest in Impact?

18 A \$100,000 at the time.

19 Q Did you invest more later?

20 A I believe I put in another \$100,000 a year or
21 two later.

22 Q What time of year?

23 A That was early after the TechNeck investment,
24 so maybe 2003-ish. I was still in Long Island, New York
25 at the time.

26 Q What happened to that investment?

M. Peca 03/29/11

15

1
2 A I just got a notice probably four months ago
3 that they weren't paying the rent and the doors were
4 locked shut on them.

5 Q Before we get to real estate, any other
6 companies that you remember investing in through Phil
7 Kenner?

8 A No, not at the time.

9 Q You invested in real estate deals as well?

10 A I did.

11 Q Before we get into them in detail, just go over
12 each one so I know what we're talking about. What are
13 the real estate deals?

14 A In chronological order there was El Rosario in
15 Baha, Mexico.

16 Q Did that have any other names?

17 A Demonte Delmar.

18 Q That was the first one?

19 A Correct.

20 Q What was the next one?

21 A Next one was in Hawaii.

22 Q What about Cabo San Lucas?

23 A That was after that, yes.

24 Q Next one is that Hawaii?

25 A Correct, Demonte Cabo San Lucas.

26 Q San Lucas is not Hawaii?

M. Peca 03/29/11

16

A No, that's not Hawaii; the other Mexico one.

Q Hawaii is which one?

A Little Isle.

Q Was it Little Isle IV?

A Yes.

Q Any others in Hawaii?

A No.

Q Any other real estate projects?

A Not that I can recall.

Q Any other investments at all that you can recall through Phil Kenner other than the two companies you mentioned, the three real estate deals, and of course just buying stock and bonds things of that nature?

A This would be a good time to speak to my lawyer to help me refresh. I know there is a couple, I don't want to miss them.

MR. DEVLIN-BROWN: That's fine.

THE FOREPERSON: You're excused.

(Witness Temporarily Excused.)

(Time Noted: 10:43 a.m.)

1 M. Peca 03/29/11 17

2 (Colloquy Precedes.)

3 (Witness Enters Room.)

4 (Time Noted: 10:43 a.m.)

5 THE FOREPERSON: I remind you, you are still
6 under oath.

7 BY MR. DEVLIN-BROWN:

8 Q Mr. Peca, you said you needed to speak with
9 your attorney to see if it prompted your memory on any
10 companies?

11 A Yes. Two other ones, one at that time was
12 small investment in a kind of technology company but
13 more of a gaming company. It was Code Fire to start
14 then Technique Digital Arts. As well as -- I think that
15 was it.

16 Q One other company was Technique Digital Arts?

17 A Yes

18 Q Who brought that to your attention?

19 A It was presented to me by Phil.

20 Q How much money did you invest?

21 A \$116,000, something like that.

22 Q What happened to that investment?

23 A It didn't work out.

24 Q When did you make that investment?

25 A It round the same time, 2004, 2005. I want to
26 say they were my very much -- they were presented to me.

1

M. Peca 03/29/11

18

2

On all of them, through all the times, I made the final

3

decision. I may have not done as much due diligence

4

that some may have done. It's not like I had to say yes

5

or forced. I made the decision to say, yeah, I want to

6

do that. Based on the money I was making at the time it

7

didn't bother me to invest those kinds of dollars.

8

Q For any of these three companies you mentioned

9

did, since you were making the investment decision

10

yourself, did you receive materials from the companies

11

how your investment would be used? What the plans were

12

for?

13

A I would get updates on the plans. To say -- I

14

mean, it was a long time ago. I can't remember if I got

15

all the documents for all the companies, but I was

16

getting, I would get updated from time to time, sure.

17

Q That's after you made the investment?

18

A Correct.

19

Q Before you made the investment did you receive

20

any materials from the companies, memos, brochures,

21

anything that would guide you in making your investment

22

decision?

23

A Some I did, some I didn't.

24

Q Do you remember any you did?

25

A I remember getting Impact, getting information

26

background on the founder of the product, Mark Monica,

FINK & CARNEY

REPORTING AND VIDEO SERVICES

39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

1 M. Peca 03/29/11 19

2 who developed the product. That one in particular
3 allowed me to make a decision that I was comfortable
4 with.

5 Q Were you buying stock in the companies or do
6 you know?

7 A We were making investment in getting a share in
8 the company.

9 Q Let's talk about the real estate -- before we
10 do that. Your investment account or accounts what banks
11 have you had those funds out over the years?

12 A I believe just the two -- I'm not sure. State
13 Street back in the time if it was Wells Fargo. Then it
14 was Wells Fargo a long time. Now it's at Schwab.

15 Q That holds what kind of money at Schwab?

16 A Just all my investment accounts, stuff like
17 that, stocks, bonds.

18 Q Cash?

19 A Yes. There is a cash portion to it, yes.

20 Q That money used to be at State Street and/or
21 Wells Fargo?

22 A State Street was the manager of the account,
23 and whether it was State Street bank, it might have
24 been, I can't remember. It was a long time ago.

25 Q Then it got moved to Schwab?

26 A Correct.

M. Peca 03/29/11

20

Q When?

A The people managing the account were leaving State Street, so then I started using a company Asante. Phil, who is my adviser, moved over to Asante Global. I think at the time formed a relationship based out of

Winnipeg. Any ways, the accounts came together and a company was Asante. I think that's when it went into the Wells Fargo account.

Q You mean it went into the Schwab account?

A No, the Wells Fargo. After State Street it was Wells Fargo then Schwab. It's in Schwab currently.

Q When did it go to Schwab?

A I don't know.

Q Do you know why it went to Schwab?

A Maybe just because it was a different manager of the account, maybe their accounts were in a different bank. I'm into the sure.

Q Let's talk about some of the real estate. The first one El Rosario, as you refer to it?

A Demonte Delmar it's more known as.

Q Let's call it Delmar, which just means by the ocean?

A "Diamond by the sea."

Q Who brought the "Diamond by the sea" to your attention?

M. Peca 03/29/11

21

A It was presented to me in conversation briefly by Phil. I have a passion for golf and for development at the time. At the time he brought it to me I signed a five-year, 25 million-dollar contract. I grew up in a family with no money so now was an opportunity to do

some of the things I thought would be fun and adventurous. He told me how he was introduced to a gentleman Ken Jowdy, who owned land in El Rosario and was looking for charter members. And we made an investment as a charter member for that particular development.

Q What was El Rosario?

A El Rosario was the town in Baha.

Q In Baha, California?

A Correct, north Baha.

Q Tell the Grand Jurors where that is?

A About an hour south of San Diego I think.

Q Only an hour?

A I think so.

Q By car?

A I flew in on a small plane. I'm not sure the how long the car ride is. The roads are not that easy in that part of town.

Q Did you fly in to make the investment or after?

A After.

Peca confirmed that he knew of the KPMG appraisal (68.9mm) on the DDM property -- thus felt comfortable with Jowdy and DDM...

M. Peca 03/29/11

22

Q What was the status of the development at the time you made the investment?

A Piece of property that was in good shape and it was appraised by KPMG at a good value. And if anything, it was potential. It was a beautiful piece of property on the Pacific Ocean.

Q How much did you invest in it?

A The charter member initiate was \$500,000.

Q Did you receive documents when you made the investment stating what you would be getting in return?

A Yes.

Q What did it say you would get in return?

A It was broken down in different ways. It was \$300,000 portion was for a lot that the charter member had the ability to sell back to the development and get \$300,000 back. A time-share portion of villas going to be built, things to that nature.

Q What did you -- when did you put in the \$500,000?

A It was early 2003 or late 2002.

Q How did you do it actually, did you wire money somewhere?

A I wired money.

Q From which account?

A I think at the time it was the Wells Fargo

M. Peca 03/29/11

23

account.

Q When you say you wired, did other people have access to the account?

A They did, but I had to approve everything that what went out of the account; nobody could make

transactions without my approval.

Q You said you visited the property, how many times have you visited?

A Just the one time.

Q When was that in relation to when you made the investment?

A Trying to think of the year, I was at the National Hockey League Players in San Diego and flew in from there, I think June 2005.

Q What prompted the trip?

A I was just down there and wanted to set up an opportunity to go down and see it.

Q Who did you go there with?

A With Phil, Phil Kenner.

Q How did you get there?

A The development itself had a plane out of San Diego and a pilot that would fly perspective buyers or investors down there.

Q Was there an airport?

A Airport strip built on the property. One of

M. Peca 03/29/11

24

the first things done there. It's on top of the Mesa, which sits about 600 feet above sea level.

Q So you went on the developer's plane, went on the developer's air strip, what else was going on at the development?

A There was stakes in the ground where potential holes and tee boxes may be. There were a couple of homes by the water inhabited by squatters, who were moved out. And employees for the project that were down there basically take perspective buyers or investors down there and showing them the property. We hopped on the four-wheelers and looked over the property.

Q Did you spend the night there?

A I did not.

Q Was there anywhere to spend the night?

A There were homes in the area if we wanted to, but I flew back. My wife and son were in the hotel in San Diego.

Q Were the homes built by the developer?

A Pre-existing homes.

Q Meant to be torn down eventually?

A Correct.

Q Had anything actually built --

A No.

Q -- by the developer?

M. Peca 03/29/11

25

A No.

Q Do you know if that's changed to this day?

A Nothing has changed. Having said that, I know that when you invest in real estate development there is no quick return. It could be a lengthy process.

Q To your knowledge what is the status of the project today?

A As far as the status of that project today, it's on hold. I don't want to jump ahead, I'm sure you're going to ask about Cabo San Lucas, but that portion of the project put the northern project on hold because Cabo got hot and that was able to used to cross-market the northern property. So the focus was shifted from north to the south. Delmonte Delmar and El Rosario in north Baha would shift to Cabo in south Baha.

Q Let's talk about the San Lucas project. When did you invest in that one?

A I can't remember the exact year, it was later on in 2000s, mid to late 2000s.

Q Who brought that to your attention?

A Phil, always the same group of guys, same investment group from the other one.

Q What was the pitch as to why it was a good investment?

A Cabo was hot. Cabo San Lucas is a much more

M. Peca 03/29/11

26

desired destination than a town El Rosario which there is no easy access. The thought was, it was an easier way to get a development going. And maybe, I guess, the thought process they did at time is they did fly them to the north to show them the Demonte brand up north.

Q I see. Was it your understanding that the San Lucas project was starting in part because the other one wasn't going anywhere?

A That wasn't my impression of that. It was more, things aren't going as quickly as they would have liked up north. The real estate market is slowly starting to cool. They figured the sales would be hotter in a destination in the south so they focused there.

Q I'm not sure I understand the cross marketing. If the south is a more desirable location, you got people looking at south how does that help sell the place up north?

A In these destinations -- it's a unique buyer. I don't think -- some people might like a lot of the action like in Cabo and those people would be attracted to that. But they are down there and got to see north, maybe there are people who are little more private and reserved. It's a quite location, then it would appeal to them. It was just a personality-based thing.

M. Peca 03/29/11

27

Q How much money did you put into San Lucas?

A 200,000.

Q We're talking about 2004 somewhere around there?

A Maybe a little later than 2004.

Q 2005?

A Maybe five or six.

Q What were you going to get in return?

A It was the -- we were still business partners with Mr. Jowdy, the managing partner of the projects. It was kind of the same thing we got in. The difference is in the northern property we were told he owned the land, we were becoming charter members for the investment. In the south our money was going, money was going to purchasing the property. So the investments were a little different, both places had the same idea.

Q Did you get any documents on that property as to what your investment was?

A No. At the time we're all business partners, so we'll get it in due time.

Q What happened with of that investment?

A That investment, what went on there is probably why we're here today. I've never gotten any clear understanding of what was going on. After we purchased the property --

Still 5 years after 2006 acquisition and Lehman funding -- Peca, Kenner and the other investors cannot get any info from Jowdy...

FINK & CARNEY
REPORTING AND VIDEO SERVICES
39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

Still 5 years after 2006 acquisition and Lehman funding -- Peca, Kenner and the other investors cannot get any info from Jowdy...

1 M. Peca 03/29/11 28

2 Q You say "we" who do you mean by we?

3 A Our investment group, everybody involved in it.
4 I'm not sure who everybody is.

5 Q Did it have a name your investment group?

6 A It does, I can't remember it now. But

7 basically we closed on the land negotiations immediately
8 started with Lehman Brothers to fund the real estate
9 loan for the project.

10 Q And did you get the loan?

11 A Yes, \$129 million loan to develop the property.

12 Q What happened then?

13 A That's the question were looking to get from
14 Mr. Jowdy, where the \$129 million went. To only get a
15 golf course with \$129 million real estate loan, where
16 was that money spent, if know only a golf course exists
17 on the property.

18 Q Have you gone down and visited the property?

19 A I have not gone down to Cabo.

20 Q Where is your source of information?

21 A Other lawsuits that are going on, I get updated
22 on information. I mean as of now there -- I guess the
23 golf course is a nice one. They are getting greens fees
24 that's subsidizing the property on a daily basis.

25 Q Your understanding is still there is just a
26 golf course at this point and some lawsuits?

Peca info coming from attorneys representing him in various litigation -- not just Kenner...

1

M. Peca 03/29/11

29

2

A No vertical development as all.

3

Q Let's talk about Little Isle IV. What was that investment?

4

5

A That again was a land acquisition deal. An old sugar cane farm, I think southwest or east of the big

6

7

island.

8

Q In Hawaii?

9

A Correct.

10

Q Who brought that to your attention?

11

A That was Phil Kenner who brought me that one.

12

Q What was supposed to happen with this project?

13

A It was a same thing where Lehman Brothers were involved in a potential loan. We were going to buy some land and we were going to start some development fairly quickly.

14

15

16

17

Q When you say "we", is this the same we in the San Lucas property?

18

19

A I don't know if all the same people were involved in that or not. I never cared to know who was involved. If I knew -- I wanted to get involved, I wasn't concerned about the others.

20

21

22

23

Q Who put together the group?

24

A Phil Ken.

25

Q Was Jowdy involved in the Hawaii property as well?

26

1 M. Peca 03/29/11 30

2 A I don't believe he was.

3 Q Do you know who the developer was in Hawaii?

4 A I can't remember the name. I know there is a
5 managing partner, Allan Warden, was Dan supposed to be
6 involved.

7 Q How much money did you put in Little Isle IV?

8 A \$100,000 cash investment that was going to go
9 towards that. Then we had lines of credit. I had one
10 out for \$1.7 million that was going to be used at the
11 time. Here's where a lot of the cross starts to happen.

12 A short-term loan to Mr. Jowdy, because at the
13 time Cabo -- we hadn't gotten the lending from Lehman
14 Brothers yet. We made a short-term loan until the
15 lending came in. Once the lending came through they
16 were to pay back the loan, I think in the neighborhood
17 of five-and-a-half million dollars, on the closing. It
18 was never paid back. And then communication basically
19 seized at that point from him.

20 That was kind of the whole sticking point as
21 far as me and the other guys with Mr. Jowdy.

22 Q I think we'll need to slow down and walk
23 through that in more detail, because I'm a little
24 confused.

25 This \$1.7 million line of credit that was for
26 the Mexican project or Little Isle IV?

FINK & CARNEY
REPORTING AND VIDEO SERVICES
39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

Peca verifies his
1.7mm LOC and
use as well as
LOANS to Jowdy
from the Hawaii
investor group...

Peca confirms loan to PARTNER, Jowdy, and NOTHING to be worried about at the time...

Peca confirms that 1.7mm and 100k cash were both in his Capital Account

1 M. Peca 03/29/11 31

2 A It was for -- you're right, we're ahead.

3 The 1.7 along with the \$100,000 and whatever

4 else put in this a Capital account, Little Isle IV I

5 believe. That Capital account was loaned to Ken Jowdy,

6 our business partner, so there is no need at the time to

7 be worried about anything. That money was loaned to Ken

8 Jowdy to basically help some of the purchase of the Cabo

9 property so we can get the funding. And then it was

10 supposed to a short-term loan.

11 Q When you first took out the \$1.7 million loan

12 was the idea first that that was going to go towards

13 Little Isle IV at the very beginning -- let me finish --

14 so at the very beginning did you understand, I'm taking

15 out this loan even though it's going first to Little

16 Isle, it's going to quickly go to be a short-term loan

17 for the Mexico stuff?

18 A I knew 100 percent it was going to Little Isle

19 IV initially. Shortly after that the short-term loan

20 was something that took place.

21 Q So when you -- did you sign papers to take out

22 a loan in that amount?

23 A Yes.

24 Q When you signed those papers, where did you

25 think that money was going?

26 A It was going to a Capital account for Little

Peca confirms that he KNEW that the LOC funds were going to his Little Isle 4 Capital Account -- THUS Kenner (per the signed Peca Letter of Authorization) had the authority to access the entire LOC immediately -- if necessary...

1

M. Peca 03/29/11

32

2

Isle IV.

3

4

5

6

Q At the time you signed the papers, did you think that Little Isle IV Capital Account for Hawaii was used to lend money to Jowdy for the Mexico stuff, or only later where that was a decision that was made?

7

8

A I can't remember exactly what the time frame was on those two things.

9

10

11

Q Were you consulted an advance about whether to use the money in the Little Isle IV Capital account to loan money to the Mexico project?

12

13

A I knew the short-term loan was made to Mr. Jowdy.

14

15

16

17

18

19

20

21

Q Did you know in advance of it being made?

A I probably did, I mean at the time if I was told about it, I probably would say, okay, sounds good. It was probably explained to me. I can't tell you definitely right now that I know the day or time of the conversation. As it was happening I wasn't like what happened to that, I didn't know it would happen. I kind of knew what we were doing.

22

23

24

Q Let me paraphrase, you're not sure if you were told but you basically approved of it. You wouldn't really have cared sounds like you're saying?

25

A Correct.

26

Q Then, you were getting into this before, so

FINK & CARNEY
REPORTING AND VIDEO SERVICES

39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

Peca NEVER states (like in the 2015 EDNY testimony) that he learned about the loans to Jowdy the night before his very detailed GJ testimony

Peca confirms that the loaned funds to Jowdy NEVER came back...

1 M. Peca 03/29/11 33

2 that money was loaned to Ken Jowdy because they were
3 waiting for some kind of financing to come in?

4 A Correct.

5 Q And then it never came back?

6 A Correct.

7 Q So that money went back to the Little Isle IV?

8 A It did not.

9 Q What about the \$100,000 cash, did that go to
10 Little Isle IV?

11 A It did.

12 Q What is the status of Little Isle IV?

13 A We're part of a joint venture that still owns
14 the property.

15 Q What is the status of the investment there?

16 A We've been busy with a lot of this stuff. I
17 haven't cared to look at it yet. As far as I know it's
18 land and it hasn't been developed yet.

19 Q As far as you know your 1.7 million was that go
20 to Little Isle IV at some point so they could use it?

21 A It was all part of the land acquisition, yes.

22 Q Obviously that 1.7 couldn't go there because it
23 got tied up in Mexico project.

24 A Correct.

25 Q I want to make sure I understand it right. Was
26 the idea you took out this big loan, \$1.7 million, was

Peca NEVER tells the GJ that the money was a "6 month thing" like he and his wife told the EDNY in 2015

M. Peca 03/29/11

34

the idea that after the Mexico project solved its short-term problem, the money comes back to you and pays off the loan. Or was it that after the Mexico people solve their problem it goes to Hawaii and funds your investment out there?

THE WITNESS: Can I step out for a second? I want to understand it so you get the answer that you need.

THE FOREPERSON: Yes.

(Witness Temporarily Excused.)

(Time Noted: 11:04 a.m.)

1 M. Peca 03/29/11 35
2 (Colloquy Precedes.)
3 (Witness Enters Room.)
4 (Time Noted: 11:10 a.m.)
5 THE FOREPERSON: I remind you, you are still
6 under oath.

7 BY MR. DEVLIN-BROWN:

8 Q About five minutes or so ago you stepped out,
9 you wanted to consult with your attorney to try to
10 refresh your recollection on certain facts?

11 A The recollection is the two things were
12 happening almost simultaneously. The loan by Lehman
13 Brothers was held up, and the short-term loan was to
14 make sure that loan was to come through. The loan to
15 Mr. Jowdy was on a short-term basis. We had a real
16 asset in Cabo, it pays different terms for us. We were
17 able to make sure the land was acquired and we did get
18 the loan from Lehman Brothers.

19 Q When did you make the investment in Little Isle
20 IV, to the best of your knowledge?

21 A 2004, 2005 maybe.

22 Q I want to show you some documents, some of them
23 I'll show you on the screen others I'll walk over to
24 you.

25 Let me just ask you first, Northern Trust Bank?

26 A That's where the line was credit was out on for

Peca again
confirmed the loan
to Jowdy...

M. Peca 03/29/11

36

the Hawaii investment.

Q I'm showing you what's been marked as Grand Jury Exhibit 101, which says, "Investment management account agreement," with your name here, Michael Peca. I mostly want to ask you if it's your handwriting on

here. Is that your signature?

A Yes.

Q March 21, 2005, does that seem like the time you would have taken out the loan?

A Sounds like it.

Q Do you remember signing these documents?

A Yes.

Q Did you authorize anyone to make, to have access to your Northern Trust loan account so they could make decisions as to how it could be used?

A Phil Kenner was power of attorney on the account, but nobody had the ability to make a decision on my account but me.

Q When you say that no one --

A His power of attorney privileges were limited to, "I need this wire, can you do it for me." Often times I'm traveling and didn't have the ability to do it.

Q Do you know if that was the instructions the bank had or was the bank told he could access the lines

M. Peca 03/29/11

37

as he wished?

A No idea.

Q Let me show you this document, marked 102, Greg Cygan, do you know who that is?

A I don't know that person, no.

Q June 3, 2005, "The following is a list of standard adviser employees that are permitted to instruct Northern Trust with regard to client accounts," signed by Phil Kenner and Christine -- how do you say the last name?

A Heirick. I believe she was an employee of Mr. Kenner's.

Q Had you met here?

A The only time I met her the time is when I flew from San Diego to El Rosario.

Q There is a Grand Jury Exhibit 103, which is a credit application. Is this your writing on the top?

A I didn't write that, no.

Q The same real estate investments, the amount 1.775 million. Did you write that?

A I did not write that.

Q What about --

A That's all my writing there.

Q Just so the record is clear, I'm pointing to the "information about me" section. What about this

1 M. Peca 03/29/11 38

2 signature dated December 26, 2007, is that your
3 signature?

4 A That is my signature.

5 Q Do you recall completing any kind of financial
6 statement in order to obtain the line of credit?

7 A I remember them doing some due diligence. I
8 don't remember exactly what was required at the time.

9 Q I'm going to show you 104, personal financial
10 statement. The first blank where it has your name and
11 information, is that your handwriting?

12 A It is.

13 Q Then numbers written down on the page that says
14 income statement, is that your writing?

15 A That is not my writing.

16 Q Let me show you Grand Jury Exhibit 107,
17 starting with the signature. Is that your signature?

18 A It is.

19 Q This letter is dated March 11, 2005,
20 "Gentlemen, this letter is your authorization to allow
21 Phillip A. Kenner to access my above-referenced line of
22 credit." it says, "For line of credit, for direct
23 deposit to the Little Isle IV account at Northern Trust,
24 he is authorized to sign for the release of funds
25 related to the line:" Do you remember signing this?

26 A I do.

Peca confirmed
that he signed the
**Letter of
Authorization** for
Kenner to access
his LOC at NT
Bank

FINK & CARNEY
REPORTING AND VIDEO SERVICES
39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

Confirmed his signature after receiving the document...

1 M. Peca 03/29/11 39

2 Q Did you write this or was it written and given
3 to you?

4 A It was prepared for me, I read it, and signed
5 it.

6 Q Who prepared it for you?

7 A I'm not sure.

8 Q Who gave you it to?

9 A Phil.

10 Q It references direct deposit to the Little Isle
11 IV account. Is that what you were calling the Capital
12 account?

13 A Correct.

14 Q Do you know what kind of interest you were
15 paying on the line of credit?

16 A Can't remember.

17 Q To get this kind of line of credit, even though
18 you were a professional hockey player, did you have to
19 put up collateral?

20 A The collateral, at the time I moved my bond
21 account over to Northern Trust, which I think was just
22 in excess of \$2 million or just under, to kind of use as
23 collateral for the line of credit.

24 Q Did you understand at the time if you didn't
25 pay back the line ever credit the bank was going to take
26 your bonds?

Peca confirms all LOC funds were part of his Capital Account

1 M. Peca 03/29/11 40
2 A Yes, and they did. What they took was just
3 under \$2 million, I believe it was 2008, maybe after a
4 while. We were just, when the loan, the short-term loan
5 from Mr. Jowdy was not paid back, the line of credit
6 time matured. They had taken what was loaned, I guess,
7 lent to me plus interest.

Peca claims VERY WELL AWARE of the collateral he secured the LOC with to NT Bank...

8 Q Let me show you what is marked Grand Jury
Exhibit 106, which is the pledge agreement dated
November 5, 2007. Kind of a technical document, do you
remember signing documents putting up the bonds to
12 secure the line of credit?

13 A Uh-huh, yes. I was very well aware of that
14 scenario.

15 Q Is this your signature?

16 A That is, yes.

17 Q You say to do this you transferred the bonds
18 from your Schwab account; is that right?

19 A If it was Schwab, I think it was Schwab at that
20 time, whatever it was in.

21 Q Do you recall ever getting updates from
22 Mr. Kenner in sort of written form, a little formal,
23 about what was going on with the Little Isle IV project?

24 A It was pretty informal.

25 Q Do you recall getting letters or anything like
26 that?

Peca does NOT recall the July 2006 disclosure doc he signed for the Hawaii deal -- although Peca's signature was faxed from his home fax machine...**See Peca signed July 20067 LI4 disclosure letter (with Peca fax confirm)**

M. Peca 03/29/11

41

A No.

Q Let me show you one letter and see if you recognize it. I'm going to mark this as Grand Jury Exhibit 110A. Take a look through that. On the last page it's signed by Phil Kenner.

A Do you want me to read what is highlighted?

Q Not necessarily, just look at it and see if it refreshes whether you got this or any similar update, it's dated 2006, about what was going on with the project.

(Witness reviewing document.)

A No, I don't recall this document.

Q Let's talk a little about some of the various litigation. You mentioned there was all kinds of litigation; is that right?

A Yes.

Q Are you party to some litigation?

A Not currently. We did have a suit against Mr. Jowdy that was filed in State of California.

Q Who you were a plaintiff in the lawsuit?

A Correct.

Q Who were the other plaintiffs generally?

A I believe Mr. Stevenson was one, there was maybe 15 to 20 guys, I think. You want me to go through all the names that I can? Rob.

M. Peca 03/29/11

42

Q Were they all hockey players?

A The majority.

Q What happened in the lawsuit?

A The case was dismissed without prejudice, so we have the ability to go back and file the suit, there was

just a thing we were -- at the end of the day we're trying to get the accounting for the Lehman \$129 million loan and how that was used. We've yet to receive that information. That's been the frustration on our side all along.

Q Do you know why the case was dismissed?

A The lawyer can answer that better than I could.

Q Same lawyer, Mr. Richards, represented you there?

A Correct.

Q Did he represent the other plaintiffs as well?

A Yes, he did.

Q Was Mr. Kenner one of the plaintiffs?

A He was not.

Q Were you deposed in that case?

A I -- not for that case. The last time I was asked any questions was informally maybe year-and-a-half ago over-the-phone with, I think several district attorneys from this area, somebody from the SEC, nothing from that case.

M. Peca 03/29/11

43

Q In that case you were not deposed?

A I was not.

Q Did someone seek to depose you or did you get a notice of deposition?

A I did not.

Q Do you know if the case was dismissed because certain plaintiffs were not appearing for their depositions, does that ring any bells for you?

A That's not -- I know there was a question of, you know, Mr. Jowdy's side wanted to depose players that were in the Olympic. It was an inconvenience. They were playing in the Olympics, to take time to be deposed.

Q That was not an issue for you?

A I was retired at the time.

Q Any other lawsuits that you're a party to?

A Currently no that I can recall.

Q Any former lawsuits to these things?

A To these things, no.

Q Who paid the attorneys fees in that lawsuit out in California?

A We all took part in paying Mr. Richards.

Q What about your fee for his representation of you in the Grand Jury, are you paying that or is someone else?

M. Peca 03/29/11

44

A I am paying it, reluctantly.

MR. DEVLIN-BROWN: I propose excusing the witness for the moment. I'm going to ask the Grand Jurors if they have other questions. This might be it for you.

THE WITNESS: Okay.

MR. DEVLIN-BROWN: We'll call you back in if you we need you, otherwise you're excused.

You should know, however, that the Grand Jury's investigation is continuing so although -- I'm sure you hope this is not the case -- they may request that your testimony continue on a later date. We're excusing you pursuant to potentially coming back on a later date if there are more questions.

THE WITNESS: Okay.

MR. DEVLIN-BROWN: May I ask the witness be excused.

THE FOREPERSON: Yes.

(Witness Excused.)

(Time Noted: 11:24 a.m.)

(Colloquy Follows.)

1 M. Peca 03/29/11 45
2 (Colloquy Precedes.)
3 (Witness Enters Room.)
4 (Time Noted: 11:28 a.m.)
5 THE FOREPERSON: I remind you, you are still
6 under oath.

7 BY MR. DEVLIN-BROWN:

8 Q Just a few more questions for you. Do you know
9 a hockey player Mr. Nolan?

10 A He was my roommate at the Olympics.

11 Q Do you know if he invested in Little Isle IV as
12 well?

13 A I believe he did. I think. I don't have any
14 evidence that he did, but I think he did.

15 Q Do you know if his line of credit -- if he took
16 out a line of credit as well?

17 A I believe he did. He filed suit against
18 Mr. Kenner, that was part of his complaint.

19 Q Do you know if his line of credit got paid off?

20 A I have no idea.

21 Q Would you have authorized your line of credit
22 to be transferred to pay his line of credit off?

23 A I think, I don't think they came in separately
24 to that extent. It was all in one account. If the
25 money is in the account and something paid something, I
26 don't know. I don't know how that process would work.

FINK & CARNEY
REPORTING AND VIDEO SERVICES
39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

Peca confirms the
(Capital Account
process) money all
went to the Little Isle 4
account where he was
aware bills were paid...

M. Peca 03/29/11

46

Q Have you heard that that happened?

A No. I got a document from Northern Trust at the time that said my line of credit expired and my money, and they were taking the money from that bond account.

Q Do you know who Lewis Volpini is?

A Never heard the name before.

Q Do you know who Led Betterville is?

A No idea.

Q Do you know who Shaman Manbetzi is?

A I do not.

Q Do you know why any of those people would be getting money from the Little Isle IV capital account funded by your line and credit and other lines of credits?

A I don't.

MR. DEVLIN-BROWN: No other questions.

May I ask the witness be excused.

THE FOREPERSON: Yes.

(Witness Excused.)

(Time Noted: 11:30 a.m.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

Rinka Teich

Rivka Teich, R.P.R., C.S.R.
Acting Grand Jury Reporter

FINK & CARNEY
REPORTING AND VIDEO SERVICES
39 West 37th Street, 6th Floor, New York, N.Y. 10018 (212) 869-1500

(SG) = (PK) was affiliated w/ Assante @ that time
- offered help investing \$\$\$

(PK) - mortgages - would help (SG) with

1st year - did not pay (PK) @ that time - just advice

= (SG) - signed contract w/ Assante - (PK)
- made some \$\$\$ - things going well

(SG) - putting \$\$\$ in little by little = each pay check ^{SFR}
mon thly - check to Assante.

- (SG) - rec'd monthly statements from Assante

invested - stock Market & Bonds

(SG) - (PK) - would explain strategy - Assante (PK) - would invest per strategy

(SG) - not sure how (PK) was paid

(PK) - left Assante = 5-6 years ago

→ went to work on his own Business

(PK) - working w/ 20-30 other NHL players

Jay McKee

Norstrom

Sydar

Campbell

Simor - Berard

(SG) - relationship w/ (PK) good

= comes to house; (PK) knows family; dinner

= "Friends" w/ (PK)

- Woolley

- Vladimir

- Dmitri K.

after Assante = (PK) started own company = not sure name

(SG) - left Assante = b/c big company - wanted to focus on indiv. - make it easier

(SG) - signed Contract w/ new company

(SG) - % of \$\$\$ invested went to pay (PK)

(Charles Schwab) ~~PK~~ - helped set-up + suggested

(SG) send \$ to his Trust acct. from his checking acct.
- (SG) + (PK) - would discuss investments (Mellon)

- Charles Schwab - send statement

(PK) - set-up - Wells-Fargo Acct for (SG)

≡ no other accts open / opened - Schwab

Mellon

Fargo

Russian acct

(set-up (SG) father)

2003

(PK) told (SG) about P/E investment in Mexico + ^{Ken} Jowdy

(PK) - (KJ) - was developer; found land; supervise project - Northern Baja

(PK) - should make \$ on it did not see

(PK) - was suppose to represent NHL interest = 12 players

- year later - told (SG) about CSL project

(PK) - in tourist location; develop 1st golf course opportunity = flew to - see w/ wife + daughter

Phil Mickelson - will be involved in golf course

(SG) - invested in Northern Baja

(SG) rec'd business plan

met (PK)
in NY
through friends

(PK) - told (KJ) not doing anything on Baja project

2003-
2004

- Northern Baja - project -

(SG) \$500k invested - told to buy land + develop - by (PK)

(SG) = never told it was to be used for anything else

2004-
2005-

- CSL project -

(SG) - \$250k invested

Spoke to (KJ) once
later on

had business plan before invested
- provided by (PK)

(PK) + (KJ) - partners in project //

= \$500k - from Schwab acct.

- acct info to be wired provided by (PK)

= no time ^{SFR}

= (PK) - Schwab acct - may have had access to acct = short
- call before - buy + sell stocks only time

- would give authorization for wires

CSL = \$250k - invested - buy land + develop

flew on plane
charter

- went to see property after investment

same day { - met Ken Jowdy there @ house in CSL = property
- had dinner that night spoke about buying another

- architect @ dinner too. (KJ)

(PK)

(SG) + wife

plane; travel to Russia

Diamante Air - Falcon

(PK) = to bring investors to CSL and/or Northern Baja

(PK) = (KJ) - supervise plane / charter / make the profits on

investors { investors - (PK) } → \$250k
(PK) } Guarantee (approx. \$1M loan)
(SG) } → \$250k invested
only { (PK) - told (SG) that he is putting \$250k of his own \$\$

(KJ) - no \$ in Air
(SG) - do not believe
(KJ) put \$ in any investment

(PK) } CSL - (PK) invested own \$ } over \$1M
told Rosario
(SG)
before
(SG) invested

(KJ) - found plane to buy - (SG) investment
(SG) - doesn't know who owned prior

(SG) - rec'd letter ^{from Bank} 2 yrs later pmts not being made by (KJ)

4-5 yrs ago - also found additional plane - (SG) not aware of this plane

(PK) introduced Tommy Constantine - talking to Bank for (SG) + (KJ)
(SG) invested \$ - Euforg - debit card company = \$250k + \$200k + \$250k
SG invested

(PK) told (SG) (KJ) - trying to buy plane for half price (KJ) calling Bank

SG met (personally) in 11/09 =

SG did not know about TC past problems until article in Post

PK - told SG - spending \$35M on golf course

2007 - bought golf course in Houston - & left CSK + B's projects doing nothing

TC & PK - in November @ SG house - Pittsburg

PK - meets during season w/ hockey players to discuss situation

SG not surprised = knew problems w/ ED & PK before

NY Post Article - July/August 2009

PK - called & told SG article

SG friends called & told him & other players
- teammates

SG called PK that day & TC

PK - not surprised - re: investments

TC - said he made a mistake when he was young

agreed to meet to talk later

fall 2005

- (PK) + (TC) + (SG) failed @ (SG) house in Pittsburgh
 - investments
 - how go after (KJ)
 - where @ w/ lawyers
 - blamed (KJ) - it's his fault
 - going to hire lawyer - Ron Richards
 - move forward & go after (KJ)
- ~~(PK) - said bc of article - that SFR~~

≡ (PK) - told (SG) - Gov't has interest from article

(PK) - (SG) - invested in another company rubber recycling
2000

≈ 2003

- (SG) - invested in Hawaii - land purchased

(PK)

|| (PK) - found developer to develop land

- (TC) - invested own \$

investors ≡ other hockey players - Owen Nolan; Kristich;

- (PK) - approached (SG) + explained how to work
 - ≡ good opportunity buying land - NOT RISKY

≡ TIM - (SG) - invested in Hawaii

≡ in beginning \$100k - \$15k - rest \$ Guarantee in Bonds transfer to Northern Trust

* project on hold now bc of economy

- Bond Portfolio - Northern Trust

(PK) - setup acct. ^{Manager}

* (SG) - rec'd no \$ back

(SG) = has not seen land in Hawaii
- own land b/c (PK) said so; doesn't know otherwise

= investments - (PK) to (SG)

(PK) - since own land; have asset then - not risky

(PK) Northern - 5-7 yrs to develop; then switch focus to CSE

These funds were subsequently stolen by Jowdy and diverted to his new Tennessee project -- ignored by Galioto... **Ex.49**

(SG) put in \$400k in CSE - for Villa's
rec'd back \$400k - #2 yrs ago
- pulled \$ back b/c nothing being done - (PK) told (SG)
- ask for \$ back

Jason Woolley - was traveling w/ (PK)
- spending time in CSE bringing in clients
- saw nothing being done there too

(PK) - took care of getting \$ back
- went to Schwab acct. (SG)

From the Stanley Cup photo

- Woolley = spoke to about (KJ)
- Sydor = not doing what he is suppose to do.

Northern - property

Confirmed to the Galioto led 2011 SDNY Grand Jury

(SG) - (PK) - told (SG) \$ in Hawaii will be loaned to (KJ)

"future tense"

from (KJ)

(SG) = heard that \$ from Hawaii loaned to (KJ) once.
= doesn't recall how much \$ loaned to (KJ) —
= (KJ) - only entity Hawaii loaned \$ to.

~~SG~~ (SG) - has docs from Hawaii investments

Schwab - Tim Graham - (SG) - rep. from Schwab

Contacted by Galioto in 2010 and told to disassociate with Kenner or he would become complicit in the Indictment. This further eroded Kenner's ability to financially fight Jowdy, as planned by Galioto, Harvey and Freeh.